

May 8, 2025

**The Honorable Secretary Robert F. Kennedy, Jr**

**The Honorable Dr. Mehmet Oz**

United States Department of Health & Human Services

Washington, DC

Dear Secretary Kennedy and Dr. Oz,

We write to you today on behalf of LeadingAge state affiliates and our network of mission-driven, nonprofit senior living providers who serve thousands of older adults and families across the country. As leaders in this field, we feel compelled to bring your attention to a critical barrier that is stifling innovation and impeding improvements in nursing home care: the overly restrictive use of Civil Monetary Penalty (CMP) Reinvestment Funds.

While the original intent of CMP funds—to improve quality of care in nursing homes—remains vital, current federal policy imposes severe limitations that hinder state-level innovation and effectiveness. Most notably, the Centers for Medicare & Medicaid Services (CMS), under the Biden Administration, capped facility-specific CMP grants at \$5,000 and explicitly barred their use for technology investments. This policy not only constrains the scale of meaningful projects but also ignores the modern tools essential to delivering person-centered, high-quality care.

We believe it is time to return CMP funding authority to the states, with flexibility and discretion that allow for local solutions to local challenges. State agencies and provider partners are better positioned to identify pressing needs and tailor solutions, especially when it comes to staffing support, workforce development, and technology-enabled care—areas that CMS itself has prioritized but fails to support through flexible funding.

For example, the September 2023 CMS memo (QSO-23-23-NH) emphasizes quality improvement, yet paradoxically narrows the scope of allowable expenses and project sizes. Restricting grants to just \$5,000 per facility, regardless of size, ignores the realities of rising costs and the scale required to implement initiatives that truly move the needle on quality. Additionally, the exclusion of technology from approved uses contradicts the modern standards of care—especially as telehealth, remote monitoring, and data-driven care coordination have become indispensable.

Technology is no longer a luxury in long-term care; it is a necessity. The inability to use CMP funds to purchase or implement essential technology such as electronic health records, fall detection systems, or secure communication platforms hampers innovation and limits the very quality improvements CMS purports to champion. States must be empowered to

support facilities in using modern tools to enhance care, increase staff efficiency, and improve resident outcomes.

This is a powerful opportunity for CMS to lead by empowering states and cutting red tape. Right now, millions in CMP funds remain tied up across the country—not because of lack of need, but because of overly restrictive processes. In a quick poll of just **11 states**, the results revealed they hold **over \$190 million** in Civil Monetary Penalty (CMP) funds—an astonishing amount of untapped potential. This underscores a mighty opportunity: if such significant resources exist within a small sample, imagine the nationwide impact we could make by making simple changes to how CMS directs the use of CMP funds.

For perspective, as of May 14, 2025, North Carolina holds over \$41.9 million in unspent Civil Monetary Penalty (CMP) funds—enough to issue a \$5,000 grant every day for 22 years. Texas has \$32 million in unused funds. Even if each of Texas’s 1,220 nursing homes received \$5,000 annually, it would take over five years to use those funds—yet \$5,000 is far too little to drive meaningful improvements in care. At a time when fiscal discipline is a national priority, CMS can act decisively by modifying CMP fund use to allow for innovation and unlocking these resources for their intended purpose: improving quality of care in nursing homes.

We respectfully urge you to advocate for the following federal policy changes:

1. **Return CMP fund management and grant process to the states**, allowing for greater responsiveness, oversight, and impact.
2. **Remove the arbitrary \$5,000 cap per facility**, enabling grants that reflect the true cost of quality improvement efforts.
3. **Permit the use of CMP funds for technology**, recognizing its integral role in achieving CMS’ own quality and safety goals.
4. **Ensure all states have clear and consistent guidance on the appropriate use of Civil Monetary Penalty (CMP) funds**. Safeguard these funds by prohibiting their use for unrelated state budgetary needs, such as enforcement activities, deficit reduction, or any purposes outside of those directly benefiting nursing home residents.

Aging services across the country are ready to innovate, but federal constraints are holding us back. We ask for your leadership in restoring common sense to CMP funding policy and unlocking its full potential to serve the residents and staff who rely on nursing homes for daily care.

Thank you for your continued commitment to seniors and the providers who serve them. We would be honored to further assist you or provide additional data, testimony, and specific regulatory language to support this cause.

Sincerely,

Signed by the undersigned leaders representing LeadingAge state associations and partners:

**Jaime Roberts**

President & CEO, LeadingAge Arizona

**Jeannee Parker Martin**

President & CEO, LeadingAge California

**Deborah Lively**

President & CEO, LeadingAge Colorado

**Mag Morelli**

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